2013 MALAYSIA INVESTMENT PERFORMANCE REPORT

Shifting into high gear

28 FEBRUARY 2014
BUILDING A BETTER MALAYSIA — 2013 IN BRIEF
Global FDI inflows in 2013 rose by 11%.

Note: *Estimation  **Projection
Global FDI inflows into Malaysia surged by 25% in 2013.
**FDI INFLOWS TO MALAYSIA BY SECTOR**

Manufacturing sector continues to be the **largest contributor** to FDI inflows.

<table>
<thead>
<tr>
<th>Sector</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>% of Growth y-o-y (2012 &amp; 2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RM million</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>82</td>
<td>318</td>
<td>1,004</td>
<td>215.7</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>7,777</td>
<td>9,628</td>
<td>11,147</td>
<td>15.8</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16,704</td>
<td>13,104</td>
<td>14,572</td>
<td>11.2</td>
</tr>
<tr>
<td>Construction</td>
<td>98</td>
<td>208</td>
<td>892</td>
<td>328.8</td>
</tr>
<tr>
<td>Services</td>
<td>12,663</td>
<td>7,858</td>
<td>11,159</td>
<td>42.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>37,324</td>
<td>31,116</td>
<td>38,774</td>
<td>24.6</td>
</tr>
</tbody>
</table>

Source: DOSM
REALISED PRIVATE INVESTMENTS 2013

2013: RM161.1 BILLION

2012: RM140.2 BILLION

Reached a record RM161.1 billion, an increase of 14.9% compared with RM140.2 billion in 2012.

Surpassing the RM148 billion average annual target set under the 10th Malaysia Plan.

Source: DOSM

Note:
1. Realised Private Investments - Gross Fixed Capital Formation (GFCF)
2. Excluding Investments by Government Linked Companies (GLCs)
REALISED PRIVATE INVESTMENTS 2013

Yearly Gross Fixed Capital Formation (GFCF)

<table>
<thead>
<tr>
<th>Year</th>
<th>GFCF (RM Million)</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>81,028</td>
<td>(21.6%)</td>
</tr>
<tr>
<td>2010</td>
<td>98,555</td>
<td>(14.4%)</td>
</tr>
<tr>
<td>2011</td>
<td>112,786</td>
<td>(24.3%)</td>
</tr>
<tr>
<td>2012</td>
<td>140,180</td>
<td>(14.9%)</td>
</tr>
<tr>
<td>2013</td>
<td>161,119</td>
<td></td>
</tr>
</tbody>
</table>

Source: DOSM
# Realised Private Investments 2013

## Quarterly Gross Fixed Capital Formation (GFCF)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013 (RM million)</th>
<th>2012 (RM million)</th>
<th>2011 (RM million)</th>
<th>2010 (RM million)</th>
<th>2009 (RM million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>38,411</td>
<td>47,265</td>
<td>43,091</td>
<td>32,352</td>
<td>161,119</td>
</tr>
<tr>
<td>2012</td>
<td>34,449</td>
<td>41,330</td>
<td>37,094</td>
<td>27,307</td>
<td>140,180</td>
</tr>
<tr>
<td>2011</td>
<td>28,122</td>
<td>32,273</td>
<td>29,999</td>
<td>22,392</td>
<td>112,786</td>
</tr>
<tr>
<td>2010</td>
<td>22,317</td>
<td>29,182</td>
<td>28,074</td>
<td>18,982</td>
<td>98,555</td>
</tr>
<tr>
<td>2009</td>
<td>17,693</td>
<td>20,792</td>
<td>21,699</td>
<td>20,844</td>
<td>81,028</td>
</tr>
</tbody>
</table>

**Source:** DOSM

**Double-digit growth since 2009**

14.9% **14.4%** **21.6%**
APPROVED INVESTMENTS

RM216.5 billion
A new record for approved investments

72.5 : 27.5
Domestic-to-Foreign investment ratio

192,000
Employment opportunities created in the economy

5,669
Projects Approved
APPROVED INVESTMENTS

Inflows into niche areas & high technologies

IC Design
Internet of Things (IoTs)
Photovoltaic Wafers
Specialised M&E
Medical Devices
Pharmaceuticals

Malaysia as a base for OHQs, Global & Regional Hubs for Manufacturing & Services

Intel
Knowles Electronics
Astrazeneca Sdn. Bhd.
Husqvarna Malaysia Sdn. Bhd.

Identification of new ecosystems

Energy Storage
Big Data
INVESTMENTS: RM4.4 billion (10 years)

ACTIVITY:
Global Service Centre for R&D&D and related ancillary activities for semiconductors & other computing devices and services activities

EMPLOYMENT:
3,000 knowledge workers
- 1,600 engineers & technical specialist
- More than 40% of employees have min. of a science / technical degree.

INVESTMENTS: RM816 million

PRODUCT:
Chocolate and sugar confectionary

EMPLOYMENT:
430 ( Majority Malaysians)
- 11 engineers and 19 scientists
INVESTMENTS: RM299.0 million

PRODUCT / ACTIVITY:
Calcium carbonate & downstream calcium oxide and specialty products / R&D Centre for applied research.

EMPLOYMENT:
102 (94 Malaysians, 8 Foreign)
- 52 k-workers (includes 25 engineers & 7 scientists)

INVESTMENTS: RM55 million

PRODUCT / ACTIVITY:
High speed fiber optics transceivers / R&D activities in new product introduction (NPI) development stage of the latest opto-electronic components.

EMPLOYMENT:
310 (240 Malaysians, 70 Foreign)
- 57 k-workers (includes 17 engineers and 1 scientist)
- 59 skilled workers
APPROVED INVESTMENTS

Quality investments approved in 2013

INVESTMENTS:
ABio Orthopaedics
RM304.7 million

PRODUCT/ACTIVITY:
Surgical instrument, external fixation devices, internal fixation devices, artificial joints and dental implant / Total manufacturing solution - advanced machining, titanium anodising, forging, coating and casting.

EMPLOYMENT:
1,472 (1,422 Malaysians, 50 Foreign)
- 795 knowledge workers, inclusive of 48 engineers
- 795 skilled workers

INVESTMENTS:
RM39.53 million

ACTIVITY:
R&D activities on forward thinking technologies i.e. digital LED light, area wireless charging devices & motorsport cooling systems, high speed fiber optics transceivers.

EMPLOYMENT:
42 (All Malaysians)
- 42 engineers
APPROVED INVESTMENTS IN NKEAs

RM89.8 bil. of approved investments were in the NKEAs

- **Agriculture**: 0.6 RM Billion
- **Oil & Gas**: 35.3 RM Billion
- **Business Services**: 15.6 RM Billion
- **Electrical & Electronics**: 9.8 RM Billion
- **Communications Content and Infrastructure**: 8.9 RM Billion
- **Tourism**: 7.0 RM Billion
- **Financial Services**: 3.1 RM Billion
- **Wholesale & Retail**: 3.7 RM Billion
- **Palm Oil**: 1.8 RM Billion
- **Healthcare**: 1.9 RM Billion
- **Education**: 2.1 RM Billion

2013

SHIFTING INTO HIGH GEAR
TOTAL INVESTMENTS APPROVED IN 2013
TOTAL INVESTMENTS APPROVED IN 2013

Investments in Malaysia reached a new record level
TOTAL INVESTMENTS APPROVED IN 2013

RM216.5 billion
Approved investments

192,000
Jobs Created

5,669
Projects Approved

2013: RM2 16.5 BILLION
Increased by 29%

2012: RM 167.8 BILLION
TOTAL INVESTMENTS APPROVED IN 2013

Both Domestic Investments and FDI increased

<table>
<thead>
<tr>
<th>Year</th>
<th>FDI (%)</th>
<th>FDI Amount (bil.)</th>
<th>DDI (%)</th>
<th>DDI Amount (bil.)</th>
<th>Total Investments (bil.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>20.8%</td>
<td>RM34.9 bil.</td>
<td>79.2%</td>
<td>RM132.9 bil.</td>
<td>RM167.8 billion</td>
</tr>
<tr>
<td>2013</td>
<td>27.5%</td>
<td>RM59.5 bil.</td>
<td>72.5%</td>
<td>RM157.0 bil.</td>
<td>RM216.5 billion</td>
</tr>
</tbody>
</table>
TOTAL INVESTMENTS APPROVED IN 2013

Services Sector continues to spearhead Malaysia’s Economy

- **9.1% Primary**
  - RM19.7 bil.
- **24.1% Manufacturing**
  - RM52.1 bil.
- **66.8% Services**
  - RM144.7 bil.

RM216.5 billion
INVESTMENTS APPROVED IN THE MANUFACTURING SECTOR
MANUFACTURING SECTOR

Approved investments grew year-on-year

2013: RM52.1 BILLION

Increased by 27%

787 PROJECTS

2012: RM 41.1 BILLION

93,000 JOBS
MANUFACTURING SECTOR

Manufacturing sector increased by 27% in 2013 vis-à-vis 2012

RM Billion

- 2007: 59.9
- 2008: 62.8
- 2009: 32.6
- 2010: 47.2
- 2011: 56.1
- 2012: 41.1
- 2013: 52.1
MANUFACTURING SECTOR

Investors sustained their confidence in Malaysia as a foreign investment destination.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Investment</th>
<th>FDI %</th>
<th>FDI Value</th>
<th>DDI %</th>
<th>DDI Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>RM41.1 billion</td>
<td>50.9%</td>
<td>RM20.9 bil.</td>
<td>49.1%</td>
<td>RM20.2 bil.</td>
</tr>
<tr>
<td>2013</td>
<td>RM52.1 billion</td>
<td>58.5%</td>
<td>RM30.5 bil.</td>
<td>41.5%</td>
<td>RM21.6 bil.</td>
</tr>
</tbody>
</table>
58% of FDI came from Asian Countries while 38% were from the USA and EU
MANUFACTURING SECTOR

Investments approved by States

<table>
<thead>
<tr>
<th>State</th>
<th>RM Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Johor</td>
<td>14,445</td>
</tr>
<tr>
<td>Selangor</td>
<td>9,833</td>
</tr>
<tr>
<td>Sarawak</td>
<td>8,276</td>
</tr>
<tr>
<td>Pulau Pinang</td>
<td>3,912</td>
</tr>
<tr>
<td>Sabah</td>
<td>3,434</td>
</tr>
<tr>
<td>Pahang</td>
<td>2,819</td>
</tr>
<tr>
<td>Kedah</td>
<td>2,535</td>
</tr>
<tr>
<td>Perak</td>
<td>2,361</td>
</tr>
<tr>
<td>Negeri Sembilan</td>
<td>1,688</td>
</tr>
<tr>
<td>Melaka</td>
<td>1,494</td>
</tr>
<tr>
<td>Kelantan</td>
<td>996</td>
</tr>
<tr>
<td>Terengganu</td>
<td>184</td>
</tr>
<tr>
<td>Kuala Lumpur</td>
<td>81</td>
</tr>
<tr>
<td>Perlis</td>
<td>44</td>
</tr>
</tbody>
</table>
E&E, Transport, Petroleum & Chemical Industries contribute the lion’s share of approved investments in 2013.
MANUFACTURING SECTOR

Malaysia remains an ideal location for new investments

26.9%
Expansion / Diversification Projects
RM14.0 bil.

RM52.1 billion

73.1%
New Projects
RM38.1 bil.
MANUFACTURING SECTOR

Concerted efforts with partners to attract investments

Attracted 58.9% of investments in the manufacturing sector

RM4.0 billion
RM3.4 billion
RM10.0 billion
RM6.5 billion
RM6.8 billion

Note: Investments in Projects Approved Manufacturing Licence
Projects Implemented as at 31 December 2013
Approved between 2009 - 2013

75.9% Approved projects implemented with investments worth RM130.2 bil.

- 17.5% Active Planning (720 projects)
- 6.8% Machinery Installation & Factory Construction (279 projects)
- 69.1% In Production (2,845 projects)
- 1.9% Site Acquired (77 projects)
- 4.7% Not Implemented (192 projects)
MANUFACTURING EMPLOYMENT

73.9% high income employment realised in 2013 from projects approved between 2009 - 2013

17.7% Managerial, Technical & Supervisory
16,600

56.2% Skilled Workers
52,820

26.1% General Workers
24,580

94,000 jobs
INVESTMENTS APPROVED IN THE SERVICES SECTOR
Services sector continues to dominate Malaysia’s economy, contributing 66.8% of approved investments.

2012: RM 122.9 BILLION

2013: RM 144.7 BILLION

Increased by 18%

4,796 PROJECTS

97,000 JOBS
SERVICES SECTOR

Services sector registered an increase of 18% approved investments for 2013

RM Billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Investments (RM Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>66.4</td>
</tr>
<tr>
<td>2008</td>
<td>50.1</td>
</tr>
<tr>
<td>2009</td>
<td>38.7</td>
</tr>
<tr>
<td>2010</td>
<td>36.7</td>
</tr>
<tr>
<td>2011</td>
<td>70.4</td>
</tr>
<tr>
<td>2012</td>
<td>122.9</td>
</tr>
<tr>
<td>2013</td>
<td>144.7</td>
</tr>
</tbody>
</table>
Domestic investments continue to dominate

2012
- 9.9% FDI
  - RM12.2bil.
- 90.1% DDI
  - RM110.7bil.

2013
- 13% FDI
  - RM19bil.
- 87% DDI
  - RM125.7bil.
SERVICES SECTOR

Real Estate, Utility & Global Operations Hub were the major sub-sectors

![2012 Pie Chart](chart1.png)

- Real Estate: 58.8
- Transport: 8.7
- Hotel & Tourism: 8.9
- Telecommunications: 12.6
- Utility: 10.0
- Global Operations Hub: 5.0
- Financial Services: 4.5

![2013 Pie Chart](chart2.png)

- Real Estate: 83.3
- Transport: 7.9
- Global Operations Hub: 9.1
- Utility: 8.0
- Regional Establishments: 4.2
- Distributive Trade: 5.0
- Telecomm.: 5.8
- Hotel & Tourism: 7.0

MIDA

SHIFTING INTO HIGH GEAR

37
INVESTMENT APPROVED IN THE PRIMARY SECTOR
PRIMARY SECTOR

Oil & Gas propels investments in the sector

2013: RM 19.7 BILLION

MINING: RM 18.8 BILLION
AGRICULTURE: RM 0.6 BILLION
PLANTATION & COMMODITIES: RM 0.3 BILLION

Increased by 418%

2012: RM 3.8 BILLION
MEASURES UNDERTAKEN

- Ecosystem approach to promote private investments within Malaysia.
- Targeting niche products, technologies and services to fill gaps throughout the economic value chain.
- Leveraging on megatrends and the development of technologically advanced products and applications.
- Identifying and assisting potential local conglomerates and other industry players to become anchors in the ecosystems.
INVESTMENT OUTLOOK

• The world bank forecasts the world economy to grow by 3.2% in 2014.

• Malaysia’s economy is projected to sustain a growth of between 5.0% and 5.5% in 2014.

• UNCTAD forecasts that FDI flows will rise gradually in 2014 and 2015, to US$1.6 trillion and US$1.8 trillion respectively.

• Global economic growth will gain momentum which may prompt investors to turn their cash holdings into new investments.

• However, uneven levels of growth, fragility and unpredictability in a number of economies, and risks related to the tapering of quantitative easing could dampen the FDI recovery.

Source: UNCTAD / World Bank / BNM
INVESTMENT OUTLOOK

**6th** in ease of doing business  
(World Bank Doing Business 2014 Report)

**15th** Most competitive economy in overall performance  
(IMD World Competitiveness Yearbook 2013)

**24th** Most competitive nation in the world  
(WEF Global Competitiveness Report 2013-2014)

**25th** Most attractive destination for FDI  
(2013 A.T. Kearney’s FDI Confidence Index)

World rankings support and strengthen Malaysia’s efforts in attracting global FDI.
THANK YOU
2013 MALAYSIA INVESTMENT PERFORMANCE REPORT

Shifting into high gear